

**UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO**

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In re:

PROMESA  
Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

No. 17 BK 3283-LTS

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*, (Jointly Administered)

Debtors.<sup>1</sup>  
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**NOTICE OF SUBMISSION OF WRITTEN REMARKS OF  
CHIEF JUDGE BARBARA J. HOUSER, MEDIATION TEAM LEADER,  
DURING NOVEMBER 15, 2017 OMNIBUS HEARING**

Certain attorneys, members of the press, and members of the public who were either present at the United States District Court for the District of Puerto Rico or listening by telephone to the November 15, 2017 omnibus hearing (the “Hearing”) in these Title III cases have indicated to court staff that they were unable to clearly hear the remarks offered by Chief Judge Barbara J. Houser, Mediation Team Leader, during the Hearing. Judge Houser regrets that she was unable to participate in person due to a scheduling conflict and that the audio system was not functioning in a way that enabled parties to hear her clearly. As a result, a copy of her written remarks is attached to this notice.

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

**Written Remarks of Judge Barbara J. Houser, Mediation Team Leader,  
During November 15, 2017 Omnibus Hearing**

Good morning. I would be remiss if I didn't start this morning by recognizing the difficult circumstances that the people of Puerto Rico face daily as a result of the devastating effects of Hurricane Maria. We know that life on the island has changed dramatically in the aftermath of the hurricane and we admire the courage shown by the people of Puerto Rico in addressing the challenges of everyday life. While the members of the Mediation Team were committed to helping the parties resolve the issues in dispute among them in these cases before the hurricane, we believe even more strongly in the importance of the mediation process to a fair and just resolution of these cases as expeditiously as possible following the devastation inflicted on the island by Hurricane Maria.

As I explained when I last addressed you, a key component of our mediation process is that the process is confidential, which will allow parties to have open and frank conversations with the mediators and each other. By having open and frank conversations, I believe we can find common ground that will facilitate a consensual, or substantially consensual, resolution of these cases. Because our process is confidential, I will exercise care in what I say to you today.

Since I last addressed you, the Mediation Team identified the issues in dispute among the parties that we believe we should attempt to resolve through mediation. And, importantly, we began formal mediation sessions with the parties involved in those disputes. While I cannot point to any major breakthrough that we had made through the mediation process at the time Hurricane Maria made landfall on the island, the Judge Mediators each believed that incremental progress was being made in these cases. Unfortunately, like many other things, Hurricane Maria has caused some disruption to our mediation process. But, after some relatively short delays, we have resumed formal mediation sessions with the parties who have chosen to participate in the mediation process.

On October 31, 2017, the Oversight Board formally approved a timeline for the development of new fiscal plans for the Commonwealth and certain other instrumentalities. The Board's approved timeline is fairly aggressive. Because the development of new fiscal plans is important to all stakeholders in these cases, we are working with the parties to facilitate the development of these fiscal plans in as collaborative a fashion as possible prior to their anticipated certification by the Oversight Board in early 2018.

Moreover, we expect to resume formal mediation sessions on critical disputed legal issues in early 2018. To the extent necessary, parties will be asked to submit confidential merits mediation statements to the Mediators. These confidential merits mediation statements will allow the members of the Mediation Team to better understand the parties' positions on the legal and factual issues in dispute among them so that we may assist them in attempting to negotiate a consensual resolution, or substantially consensual resolution, of those issues. I will assign

members of the Mediation Team to be responsible for particular issues based upon various factors including availability and expertise of a member or members of the Mediation Team. And, I will push the mediation process as expeditiously as I feel appropriate in order to facilitate a consensual, or substantially consensual, resolution of the cases.

In summary, I believe adequate progress has been made to date. While much work remains to be done, I am satisfied with where we are and how we will tackle the issues that must be addressed going forward.

To be sure, pre-hurricane, these cases presented enormously challenging debt restructures that I believed would require the cooperation, ingenuity, and diligence of all involved to accomplish. Hurricane Maria has added new layers of complexity to the development of confirmable plans of adjustment in these cases. However, I remain highly confident that if the parties and the mediators work together, we will be able to restructure the debt on a consensual or substantially consensual basis. The mediators remain committed to this goal.

Judge Swain, thank you for the opportunity to give this brief update to parties in interest in these cases.